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McNamara Reports On Cost Reduction By DOD Contractors

The Defense Contractor Cost Reduction Program reported savings of $972 million during the fiscal year ending June 30, 1967 with 85 companies voluntarily participating in the plan. A $2.7 billion savings was reported in the last three years.

This was reported to President Johnson by Secretary of Defense Robert S. McNamara. The President said the report "summarizes the Defense industry's contribution to our national objectives of obtaining required military effectiveness at the lowest possible cost.

"I commend these companies for their significant and sustained response to my request for industry assistance in reducing Defense expenditures."

Participating contractors report to the Department of Defense the savings they have effected by reducing costs, without sacrifice of requisite quality and reliability. Savings result from improved management techniques, procedures or process.

The savings of $972 million was reported on a total of $12.4 billion sales.

The 85 parent companies have 211 plants or divisions which report to the Department of Defense semiannually. In FY '67 these companies received more than half of the $39.8 billion awarded by Defense to business firms for work in the United States.

McNamara's report to the President says, "In addition to contributing to your national objective of 'a dollar's

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HELICOPTER ASSAULT—Under the sharp eyes of the door gunner, a paratrooper from Co. C, 2d Bn, 503 Inf., wastes no time getting on the ground during a heliborne assault operation in Vietnam.

North Viets Reject Parcels Mailed to American POWs

Christmas packages sent by individuals to American prisoners of war in North Vietnam are being returned undelivered by the Hanoi government, according to Daniel Z. Henkin, a member of the DOD War Policy Committee.

Mr. Henkin said 231 packages sent to the prisoners through international postal channels had been returned with the notation "Refused by the Postal Service of Vietnam," as of Dec. 21. He said indications were that scores of other packages would be given the same treatment.

In one group of returned packages, Henkin said, some items, including cigarettes and candy, were missing.

The Hanoi government also rejected Christmas parcels last year.

NROTC Unit Scheduled At Prairie View A&M

Navy will establish a Reserve Officers Training Corps unit at Prairie View A&M, a predominantly Negro college in Texas.

An initial enrollment of 80 freshmen is planned when the unit begins operating in the fall of 1968.

It will be the first NROTC unit at a predominantly Negro college and the first expansion of the program since 1946. Navy has 52 other units throughout the country.

Navy officials said Prairie View was selected over 103 other colleges and universities where the majority of students are Negroes. The Texas college, they said, "appeared to be best able to support an ROTC unit by 1968."

Current enrollment in the college is nearly 4,000.

Legislative Action on Defense Subjects

First Session — 90th Congress

The Defense Department has announced 22 bills enacted into law during the first session of the 90th Congress.

These legislative actions on Defense subjects are:

P.L. 90-5, FY67 Supplemental Defense Procurement, RDT&E, and Construction Authorization.

This legislation authorized the appropriation of an additional $4.548 billion for the support of military operations in Southeast Asia during FY67—some $51 million more than requested.

P.L. 90-8, FY67 Supplemental Defense Appropriation.

To support Southeast Asia operations, a supplemental request of $12.276 billion for FY67 was submitted to Congress in January. An appropriation bill for $12.197 billion was enacted in March.

P.L. 90-22, FY68 Defense Procurement and RDT&E Authorization.

Authorization in the amount of $21.066 billion was requested by the Administration. Although Congress eliminated the Fast Deployment Logistics Ship (FDLS) program, add-ons for various purposes raised the final authorization to $21.168 billion.

P.L. 90-96, FY68 Defense Appropriation.

Congress appropriated $69.937 billion—$1.647 billion below the budget request. Certain reprogramming actions will be required to permit the Defense Department to go forward with all essential programs and to prosecute the war in Vietnam in accordance with current objectives and operational plans.

P.L. 90-110, FY68 Military Construction Authorization.

The Department of Defense request for FY68 military construction authorization amounted to $2.6 billion. Congress authorized $2.3 billion.

P.L. 90-180, FY68 Military Construction Appropriation.

A total of $2.1 billion was appropriated—$848 million below the budget request. While certain projects will be deferred, all critical construction projects can be carried out.

P.L. 90-137, Foreign Assistance Authorization Act, FY68.

Defense requested $596 million for military assistance programs (MAP) for FY68, of which $510 million was authorized. Amendments to the bill placed restrictions on credit sales and abolished the military credit revolving fund effective June 30, 1968.

P.L. 90- , Foreign Assistance Appropriation Act, FY68.

This legislation provides $400 million for MAP. The budget request was for $620.1 million. Amendments restrict the use of funds to finance sales to underdeveloped countries which purchase certain sophisticated weapons.

P.L. 90-3, To Amend the Universal Military Training and Service Act.

Extends through July 1, 1971, the authority to induct men into the Armed Forces. Among the revisions in the law are provisions which will have the effect of assuring greater equity for those subject to a military obligation. For example, individuals who have received undergraduate college student deferments will not be in a position to "pyramid" their deferments through subsequent extended graduate study or through additional deferments on the grounds of fatherhood. The law also makes possible a revision in the order of selection for induction to permit calling of men in the 19 or 20 year age group before older age groups, should this be necessary.

P.L. 90-207, To Increase the Basic Pay for Members of the Uniformed Services.

Authorizes a 5.6 percent increase in basic pay, retroactive to October 1, 1967, for all members of the uniformed services.

P.L. 90-130, To Remove Restrictions on the Careers of Female Officers in the Army, Navy, Air Force and Marine Corps.

Eliminates restrictions resulting from previous laws and places the careers of women officers under the same general standards that apply to the careers of male officers in the same service.

P.L. 90-168, To Strengthen the Reserve Components of the Armed Forces.

This Act, which provides for the organization and management of the Reserve Forces, was basically sponsored by the House Armed Services Committee. It authorizes an increase in the number of Assistant Secretaries in each of the military departments—a provision which DoD sponsored and supported.

P.L. 90-135, To Authorize Sale to Private Ownership of Alaska Communications Facilities.

This Act gives the Secretary of Defense authority to sell or lease the civilian-oriented, defense-owned communications facilities in Alaska. These facilities, which were established by the Army, have served civilian as well as military needs from Territorial days. This legislation will permit the return to private enterprise of what is essentially a civilian type operation. It is expected that the facilities will be disposed of within two years.

P.L. 90-224, Authorization for Loan of Naval Vessels to Foreign Countries.

Authorizes the extension of existing loans of some 25 Naval vessels to ten foreign countries for a period of five years (with discretionary provision for Presidential extension for another five years) and the loan of additional vessels to the Republic of Korea and to the Republic of China.

P.L. 90-119, To Authorize Retrocession of Jurisdiction over Lands Comprising the United States Naval Station, Long Beach, California.

Permits the State of California, acting through local civilian authorities, to furnish regular police protection to 391 families residing in two Navy housing projects constructed on parcels of land now a part of the Naval Station at Long Beach.

P.L. 90-126, Ryukyu Islands Economic Assistance Authorization.

Increased from $12 million to $17.5 million the amount authorized to be appropriated in any one fiscal year for economic and social development in the Ryukyu Islands.

P.L. 90- , To Permit Storage of Missing Persons' Household Effects for a Period of One Year or Longer.

Authorizes the Secretaries of the Military Departments to arrange for non-temporary storage of household goods and personal effects of a member of the Armed Forces who has been declared absent for more than 29 days in a missing-in-action status.

P.L. 90- , To Simplify Laws Relating to Members of the Army, Navy, Air Force and Marine Corps.

Eliminates variations in service personnel laws for which there is no identifiable need or justification, thus making the laws applicable to the military services more uniform. No substantive changes in existing laws were made.

P.L. 90- , To Extend Privilege of Free Entry of Gifts from Overseas.

Provides for the extension through December 31, 1969 of the existing $50 duty-free gift mailing privilege for members of the Armed Forces serving in a combat zone.

P.L. 90- , To Amend Section 409 of Title 37, U.S.C. Relating to the Transportation of House Trailers and Mobile Dwellings.

Provides for payment of the cost of commercial transportation of house trailers or mobile dwellings owned by members of the uniformed services up to an amount not to exceed the cost of transporting the member's authorized weight allowance for household goods and baggage over a like distance, and provides for payment of a dislocation allowance in connection with such movements.

P.L. 90-228, To Amend Title 10 U.S.C. Relating to the Authorized Strengths by Grade for Medical and Dental Officers on Active Duty in the Army, Navy and Air Force.

Permits each military department secretary to determine the grade authorizations for medical and dental officers of his department based on service requirements.

P.L. 90- , To Allow a Member of the Armed Forces to Accumulate More Than 60 Days' Leave Under Certain Conditions.

Permits members of the Armed Forces to accumulate more than 60 days' leave whenever such persons serve on active duty for at least 120 days in an area in which they are entitled to hostile fire pay. The serviceman is required to use such excess leave within the following fiscal year.

Background for Commanders

AMERICA'S ROLE IN WORLD AFFAIRS—I

Following are excerpts from a recent address by Under Secretary of State Nicholas deB. Katzenbach, discussing U.S. foreign policy over the past 50 years. *Part I—From World War I to 1947* is presented below. *Part II—1947 to the Present* will be published in a forthcoming issue.

Certainly Americans in 1917—50 years ago— knew that the events of the day were dramatic. But surely no American could have foreseen just how momentous they were.

The American entry into the First World War was the coming of age of the United States as a world power. That was not a distinction we sought, but one which history thrust upon us.

Once we had to enter the war, we did so with a combination of great idealism and naive enthusiasm. It was to be the war to end war and make the world safe for democracy. And when there was no total solution after the war, Americans became disenchanted and quickly lost interest. **Even so, history could not be undone. We might turn our backs upon the outside world but the process of our involvement with it was irrevocably in motion.**

In part this was so because 1917 was also the year of revolutions in Russia. In the spring Americans welcomed a new government hopefully. Moreover, the end of Czarist autocracy made it easier for the United States to enter the war on the same side as Russia. But the Communist revolution in November was bad news to most Americans.

The new Soviet regime saw itself as the precursor of a wave of Communist revolutions which would soon engulf the world. It had no desire to be part of the nation-state system that it thought would soon go by the boards. Renouncing the former government's treaties and obligations, the Soviets in effect withdrew from the international community. But if this was a withdrawal, it was also a challenge to the existing order. **And ultimately, the evolution of Soviet modes of dealing with an outside world which Moscow regarded as inevitably hostile would make any American return to isolationism impossible.**

In 1927 the most celebrated international event in the United States was Lindbergh's flight to Paris. But it was celebrated more for the display of courage, for the sport and spectacle rather than for its significance.

Much the same was true 10 years later of Soviet pilot Gromov's flight from Moscow over the North Pole to the United States. To be sure, none of the editorial writers of the day failed to say something about the progress of aviation, and observations that the world was getting smaller every day could be heard in every barber shop in the land. But we were not ready as a nation to make the transition from platitude to policy. **We were still a long way from being able to imagine a world in which we would be operating NORAD, together with our Canadian neighbors, for defense against the threat posed by the polar route flown by Gromov, while at the same time receiving a Soviet delegation in New York and Washington to work out the details of implementing our civil aviation agreement.**

In the fall of 1937—a 30th anniversary—the Assembly of the League of Nations moved into its new quarters. The *Palais des Nations* was without doubt the largest, most luxurious office building in Europe. I am sure you all know Parkinson's law which states that by the time an organization gets its new building, it is dead. Well, here indeed was a case in point. For by then, the League was for all practical purposes dead. And the peace of the world was crumbling. The first battle of World War II had already begun that summer at the Marco Polo Bridge in Northern China.

At another bridge, in Chicago, President Roosevelt warned his countrymen of the growing danger of war. But while [he] had the vision to see clearly what was coming, there was little he could really do about it. His call for a quarantine of the aggressors was a cry in the wilderness. The statesmen of Europe were not to be persuaded until after the fall of Austria and the madness of Munich. The speech was, of course, a major landmark—the beginning of the end of isolationism.

Twenty years ago, in 1947, the United States again faced a major decision on what kind of role it was to play in the world. Against the background of a war-ravaged Europe, the strains in the alliance with the Soviet Union had grown into the cold war. One can, I believe, say of 1947 that 30 years and two world wars later the United States had finally learned the lesson of 1917: America had too much at stake to turn its back on the problems of the world.

Two major steps marked the beginning of a new American policy: containment. First was the Truman Doctrine on aid to Greece and Turkey. That was a matter of quickly getting a finger in the dike—an emergency move to counter an immediate and pressing threat. Second was the Marshall Plan for European economic recovery. I think it can fairly be called the most imaginative and successful act of statesmanship in this century.

Incidentally, there is one facet of the Marshall Plan which has to be borne in mind if its relation to containment is to be understood correctly. The Marshall Plan was not limited to Western Europe. It did not exclude the Soviet Union and Eastern Europe. It was Stalin who excluded himself and his satellites. The policy of containment was not purely negative. It had an element—limited in those early days to be sure—of what we now call peaceful engagement.

PRECOMMISSIONING—Capt. Earl P. Yates (center), Prospective Commanding Officer of the soon-to-be-commissioned aircraft carrier USS John F. Kennedy, reads orders establishing the ship's precommissioning unit. VAdm. Charles T. Booth (right), Commander Naval Air Force, U.S. Atlantic Fleet, and Capt. Max Berns, his chief of staff, witness the ceremony.

New Marine Commandant Embarks on Asian Tour

The new Commandant of the Marine Corps, Gen. Leonard F. Chapman Jr., left Washington Jan. 3 for a two-week tour of inspection in Southeast Asia.

He told reporters at his first press conference a few hours earlier there are 78,000 U.S. Marines in that part of the world and he wanted to visit as many of them as possible.

Gen. Chapman said he forsees no radical changes in the course of the Marine Corps as a result of his assumption of command.

He noted that he had been at Marine Corps Headquarters for some time, first as his predecessor's Chief of Staff and later as Assistant Commandant. In that time, he said, he had become convinced the route the Marines are on is the best one.

He added that the Marines would not be adverse to change, "when change looks to be the better course."

Asked if there is a shortage of junior officers in the Corps, Gen. Chapman replied in the negative. He said at the beginning of the buildup for action in Vietnam, "top quality staff NCOs" were promoted to second lieutenant to fill the gap and consequently there is no shortage today.

Five New Categories Of Flight Training Open to GI Bill Study

Five new categories of specialized flight training are now open to veterans training for civilian flying jobs under the GI Bill.

The Federal Aviation Administration, after a number of requests from veterans for more advanced training, has approved these types of training:

- "Class" ratings to cover additional aircraft categories.
- Additional ratings to be added to instructor certificates.
- Proficiency training to prepare for an airline transport rating.
- Proficiency training for certification as a rotorcraft external load operator or chief pilot.
- Proficiency training for certification as an agricultural aircraft operator or supervisor.

Previously, the only FAA-approved courses were those leading to a certificate as a commercial pilot, flight instructor or instrument-rated pilot.

The FAA action makes veterans enrolling in the advanced flight training courses eligible for reimbursement by the Veterans Administration.

Four Omega Stations Approved for Operation

The first four stations of the Navy-developed Omega navigation system have been approved for operational evaluation.

The stations, located in Norway, Trinidad, Hawaii and New York, will provide navigation coverage over one-fourth the earth's surface.

The Omega system is expected to provide continuous position information, accurate to one mile during daylight and two miles at night. It will be available to civilian and military ships and aircraft of all nations.

Cost Reduction

(Continued from page 1)

value for every dollar spent,' Defense industry considers cost reduction to be in its own best interest. The increased emphasis by the Defense Department on the use of incentive-type contracts, competitive procurement and the application of value engineering techniques encourages Defense industry to stress cost reduction and management improvement.

"The trend of the late fifties and very early sixties towards greater use of cost-plus-fixed-fee contracts by Defense has been sharply reversed over the past six years. This type of contract, which is usually justified only when there are great uncertainties involved, offers neither reward for good performance nor penalty for bad. The proportion of cost-plus-fixed-fee contracts awarded by Defense has been reduced from a high of 38 percent in Fiscal Year 1961 to 10.4 percent at the end of Fiscal Year 1967."

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